Increase in FDI cap

640. SHRI AMAR SINGH: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Government has recently increased the Foreign Direct Investment cap in the civil aviation, refineries, mining and commodity exchange sectors;

(b) if so, the details thereof and the reasons therefor; and

(c) whether any condition has been imposed on such increased investment and if so, the details thereof?

THE MINISTER OF STATE IN THE DEPARTMENT OF INDUSTRIAL POLICY AND PROMOTION, MINISTRY OF COMMERCE AND INDUSTRY (SHRI ASHWANI KUMAR): (a) Government has, on a review of existing policy, approved changes in the policy for Foreign Direct Investment (FDI) in the Civil Aviation Sector, Petroleum Sector and in Commodity Exchanges.

(b) A Statement is enclosed (*See* below).

(c) The policy on FDI is reviewed on a continuing basis through an inter-ministerial consultation process with a view to rationalization/liberalization of the policy and taking into account stakeholders concerns.

Statement

Changes approved in the FDI policy for Civil Aviation, Petroleum and Commodity Exchanges

Sector	Present policy	Approved policy
1	2	3
Civil Aviation-Air Transport Services	FDI up to 49% and NRI investment up to 100% is permitted on the automatic route subject to no direct or indirect participation by foreign airlines.	Air transport services being sub-divided into scheduled domestic airlines and non-scheduled airlines etc. as below: (i) No change in the equity cap of 49% in scheduled domestic Airlines with NRI 100% and no participation by foreign airlines. (ii)To allow FDI up to 74% on the automatic route for non-scheduled airlines, Chartered airlines and Cargo airlines (excludes helicopter services/ seaplane services). - no direct or indirect participation by foreign airlines in non-scheduled airlines and chartered airlines. - Cargo airlines has no restriction on participation by foreign airlines.

1	2	3
		NRI investment would be allowed up to 100% on the automatic route in all the above mentioned categories. (iii) To allow FDI up to 74% on the automatic route for Ground Handling Services subject to sectoral regulations and security clearance. NRI investment would be allowed up to 100% on the automatic route. (iv) To allow FDI up to 100% on the automatic route for Maintenance and repair organizations; flying training institutes; technical training institutions; and helicopter services/seaplane services in the aviation sector requiring DGCA approval.
Petroleum & Natural Gas-actual trading and marketing of petroleum products.	FDI up to 100% is allowed on the automatic route but is subject to condition of divestment of 26% equity in favour of Indian partner/ public within 5 years.	Delete the condition of compulsory the divestment up to 26% equity within 5 years for actual trading and marketing of petroleum products.
Petroleum refining	FDI up to 100% on the automatic route is permitted in private companies. Public Sector Undertakings engaged in petroleum refining are permitted to have FDI only upto 26% and with prior approval of the FIPB.	increase in equity cap from 26% to 49%, with prior approval of FIPB in petroleum refining by Public Sector Undertakings.
Commodity Exchanges	The present policy has neither specifically prohibited FDI in Commodity Exchanges nor included it in the sector-specific policy. Therefore, the present position as per the prevalent policy is that FDI up to 100% is deemed permitted on the automatic route in Commodity Exchanges.	To allow a composite ceiling i.e. FDI + FII of 49% with FII investment limited to 23% and FDI limited to 26%. FDI will be allowed with prior approval of FIPB. FII purchases shall be restricted to secondary market only. No single entity will hold more than 5% of the equity in these companies.